



## CITY OF CARLSBAD - AGENDA BILL

AB#		REPORT ON CITY INVESTMENTS	DEPT. HEAD	
MTG.		AS OF SEPTEMBER 30, 2012	CITY ATTY.	
DEPT.	TRS		CITY MGR.	

### **RECOMMENDED ACTION:**

Accept and file report.

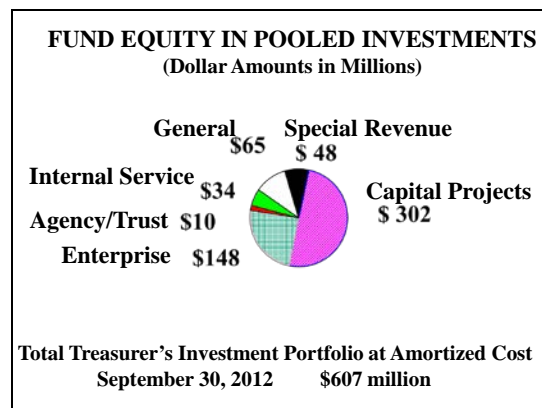
### **ITEM EXPLANATION:**

The City's Investment Policy requires the City Treasurer to report to the City Council on a monthly basis the status of the City's pooled investment portfolio. A quarterly report is also required for the investments of bond proceeds held separately. The City's pooled investment portfolio as of the month ended September 30, 2012 is summarized below.

Pooled Investment Portfolio (Cash and Securities)		
	Current Month	Prior Month
Par Value	602,622,543	601,752,428
Cost of Investments	610,035,884	609,452,002
Amortized Cost (1)	607,005,404	606,264,055
Market Value (2)	611,955,906	611,368,838

- (1) The cost of investments adjusted for amortized premiums and discounts.  
 (2) The amount at which the investments could be sold. Source of market values is Union Bank of California's custodial report as of 09/30/12.

The equity portion of the various funds in the total portfolio is summarized in the graph below. Fund balances are restricted for various purposes. See Exhibit 8 for a more detailed breakdown.



### ***FOR CITY CLERKS USE ONLY.***

<b>COUNCIL ACTION:</b>	<b>APPROVED</b>	<input type="checkbox"/>	<b>CONTINUED TO DATE SPECIFIC</b>	<input type="checkbox"/>	_____
	<b>DENIED</b>	<input type="checkbox"/>	<b>CONTINUED TO DATE UNKNOWN</b>	<input type="checkbox"/>	
	<b>CONTINUED</b>	<input type="checkbox"/>	<b>RETURNED TO STAFF</b>	<input type="checkbox"/>	
	<b>WITHDRAWN</b>	<input type="checkbox"/>	<b>OTHER – SEE MINUTES</b>	<input type="checkbox"/>	
	<b>AMENDED</b>	<input type="checkbox"/>			

DEPARTMENT CONTACT: Nancy Sullivan (760) 602-2473 [Nancy.Sullivan@carlsbadca.gov](mailto:Nancy.Sullivan@carlsbadca.gov)

<b>Pooled Investment Interest Income</b>			
	<b>Current Month FYTD</b>	<b>Prior Month FYTD</b>	<b>Current Month Income</b>
Cash Income Fiscal Year-to-Date *	2,706,984	1,932,180	774,804

\*The cash income received is adjusted for any accrued interest purchased.

<b>Pooled Investment Performance/M Measurement</b>			
	<b>Average Life (Years)</b>	<b>Average Yield To Maturity</b>	<b>Modified Duration</b>
July 2012	2.17	1.32%	2.105
August 2012	2.24	1.30%	2.175
September 2012	2.22	1.27%	2.149

All pooled investments have been made in accordance with the City's Investment Policy adopted January 2, 1985 and last revised August 28, 2012. All investments were initially made in accordance with the City's Investment Policy. Events subsequent to the purchase might have resulted in some investments not being in compliance with the current policy. These events are typically a change in the City's Investment Policy, a change in the credit rating subsequent to a purchase, or a temporary reduction in total portfolio assets. See Exhibit 9 for details.

The pooled investment portfolio has the ability to meet the City's cash flow demands for the next six (6) months.

<b>Investment Portfolio for Bond Proceeds</b>		
	<b>Current Quarter</b>	<b>Prior Quarter</b>
Par Value	17,531,563	17,707,241
Cost	17,531,563	17,707,241

**EXHIBITS FOR POOLED INVESTMENTS:**

1. Investment Portfolio Breakdown By Amortized Cost, Market Value, Cash Income, and Average Yield
2. Investment Portfolio Breakdown Of Maturities
3. Yield Comparison Graph
4. Market Yield Curve
5. Cumulative Cash Income Graph
6. First Quarter Transactions

7. Detailed Investment Report
8. Fund Equity in Pooled Investments
9. Corporate Note and Commercial Paper Ratings
10. Percentage Weightings By Corporate Note Issuer

**EXHIBIT FOR INVESTMENTS OF BOND PROCEEDS HELD SEPARATELY:**

11. Detailed Investment Report – Quarterly Report

**EXHIBIT FOR SUMMARY OF OUTSTANDING HOUSING LOANS:**

12. Detail Of Outstanding Housing Loans – Quarterly Report

**CITY OF CARLSBAD INVESTMENT PORTFOLIO**  
**AS OF SEPTEMBER 30, 2012**

***BREAKDOWN BY AMORTIZED COST, MARKET VALUE, CASH INCOME, AND AVERAGE YIELD BY CLASS***

<u>Class</u>	<u>AMORTIZED COST</u>		<u>MARKET VALUE</u>		<u>Cash Income Year to Date</u>	<u>AVERAGE YIELD</u>	
	<u>Current Month</u>	<u>Prior Month</u>	<u>Current Month</u>	<u>Prior Month</u>		<u>Current Month</u>	<u>Prior Month</u>
CD	10,425,714	9,929,817	10,467,148	9,962,325	25,670	0.77	0.78
FN	16,137,172	16,119,215	16,209,868	16,204,279	0	1.20	1.20
CP	0	0	0	0	0	0.00	0.00
TR	2,012,246	2,013,300	2,055,940	2,060,230	15,625	2.44	2.44
FA	261,576,143	273,826,553	264,050,837	276,510,300	1,521,042	1.46	1.48
CN	169,600,585	168,670,743	171,918,569	170,927,275	1,029,138	1.78	1.78
LAIF	143,768,000	132,015,851	143,768,000	132,015,851	115,350	0.36	0.37
CUSTODY	8,686	16,170	8,686	16,170	2	0.00	0.00
SWEEP	2,736,573	3,213,857	2,736,573	3,213,857	156	0.02	0.02
BANK ACCT	740,284	458,551	740,284	458,551	0	0.02	0.02
<b>TOTALS</b>	<b>\$607,005,404</b>	<b>\$606,264,055</b>	<b>\$611,955,906</b>	<b>\$611,368,838</b>	<b>2,706,984</b>	<b>1.27%</b>	<b>1.30%</b>

CD - Certificate of Deposit  
 FN - Federal Discount Notes  
 CP - Corporate Paper

TR - US Treasury  
 FA - Federal Agency  
 CN - Corporate Notes

LAIF - Local Agency Investment Fund  
 Custody - Investment Cash account  
 SWEEP - General Fund Overnight Cash account  
 Bank Account - General Fund Cash account

**CITY OF CARLSBAD INVESTMENT PORTFOLIO  
AS OF SEPTEMBER 30, 2012**

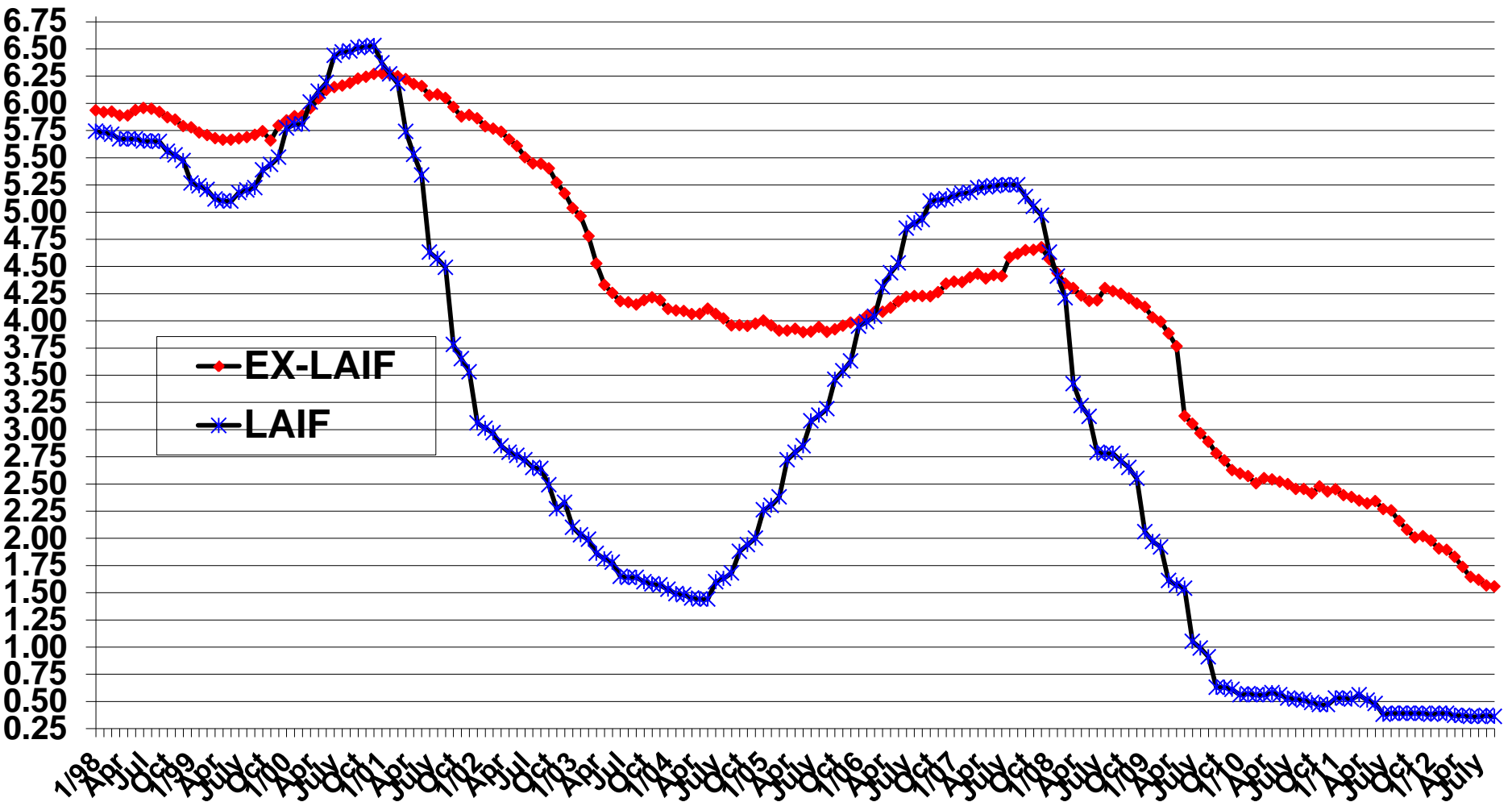
***BREAKDOWN OF MATURITIES BY CLASSIFICATION AND LENGTH OF TIME***

<u>CLASS</u>	<u>WITHIN 6 MONTHS</u>	<u>7 MONTHS TO 1 YEAR</u>	<u>1 TO 5 YEARS</u>	<u>TOTAL</u>	<u>% TOTAL</u>
CD	0	992,000	9,433,182	10,425,182	1.7%
FN	1,793,820	1,882,080	11,980,845	15,656,745	2.6%
CP	0	0	0	0	0.0%
TR	0	2,062,109	0	2,062,109	0.3%
FA	18,471,020	17,673,955	227,405,537	263,550,511	43.2%
CN	9,314,052	12,395,927	149,377,815	171,087,794	28.1% (2)
LAIF	143,768,000	0	0	143,768,000	23.6%
CUSTODY	8,686	0	0	8,686	0.0%
SWEEP	2,736,573	0	0	2,736,573	0.5%
BANK ACCT	740,284	0	0	740,284	0.1%
<b>TOTALS</b>	\$176,832,434 (1)	\$35,006,072 (1)	\$398,197,378	\$610,035,884	100.0%
% TOTALS	29.0%	5.7%	65.3%	100.0%	
Total within One Year		\$211,838,506 (1) 34.7%			

**POLICY:** (1) Not less than \$133,000,000 to mature within one year. (2/3rds of current year operating budget of \$199,430,000.00)  
(2) Policy states that not more than 30% of portfolio is to be invested in corporate notes.

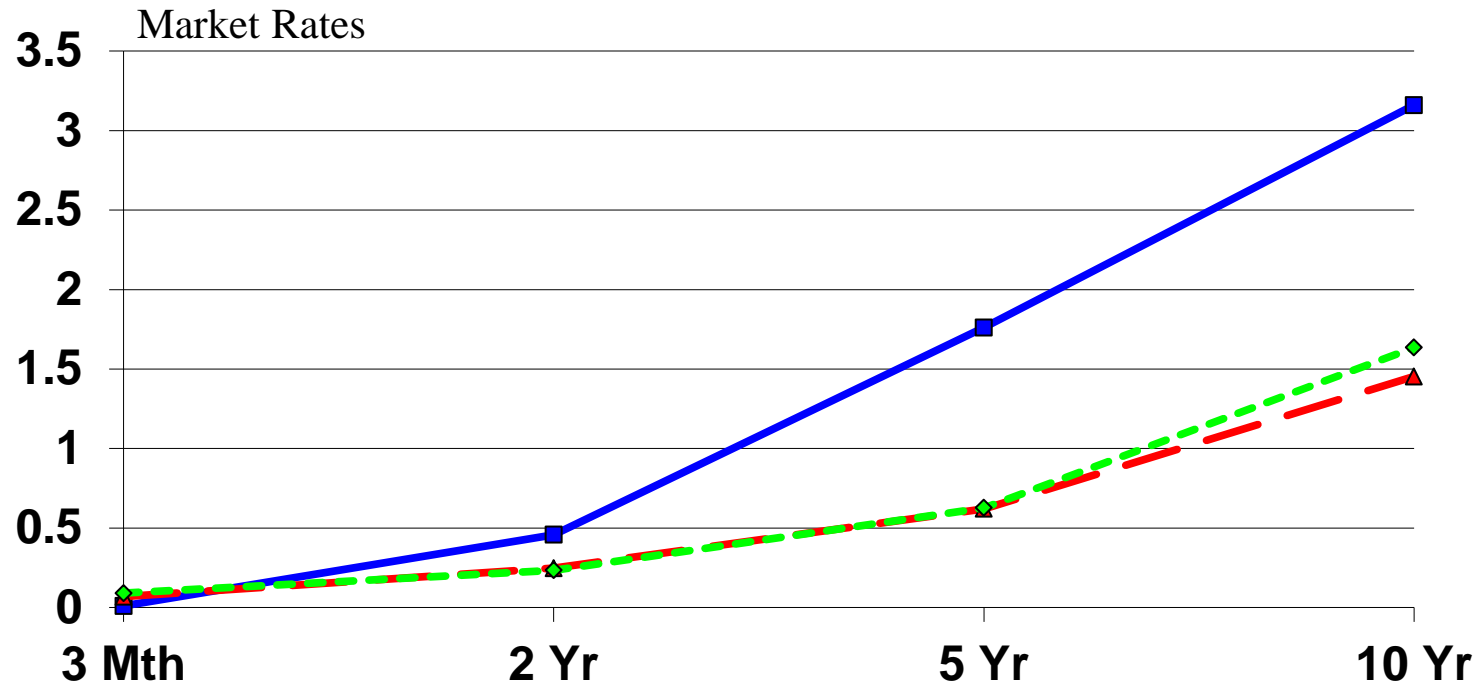
# PORTFOLIO EX-LAIF VS. LAIF

## JULY 1998 – SEPTEMBER 2012



# MARKET YIELD CURVE

6/30/11, 6/30/12, 9/31/12

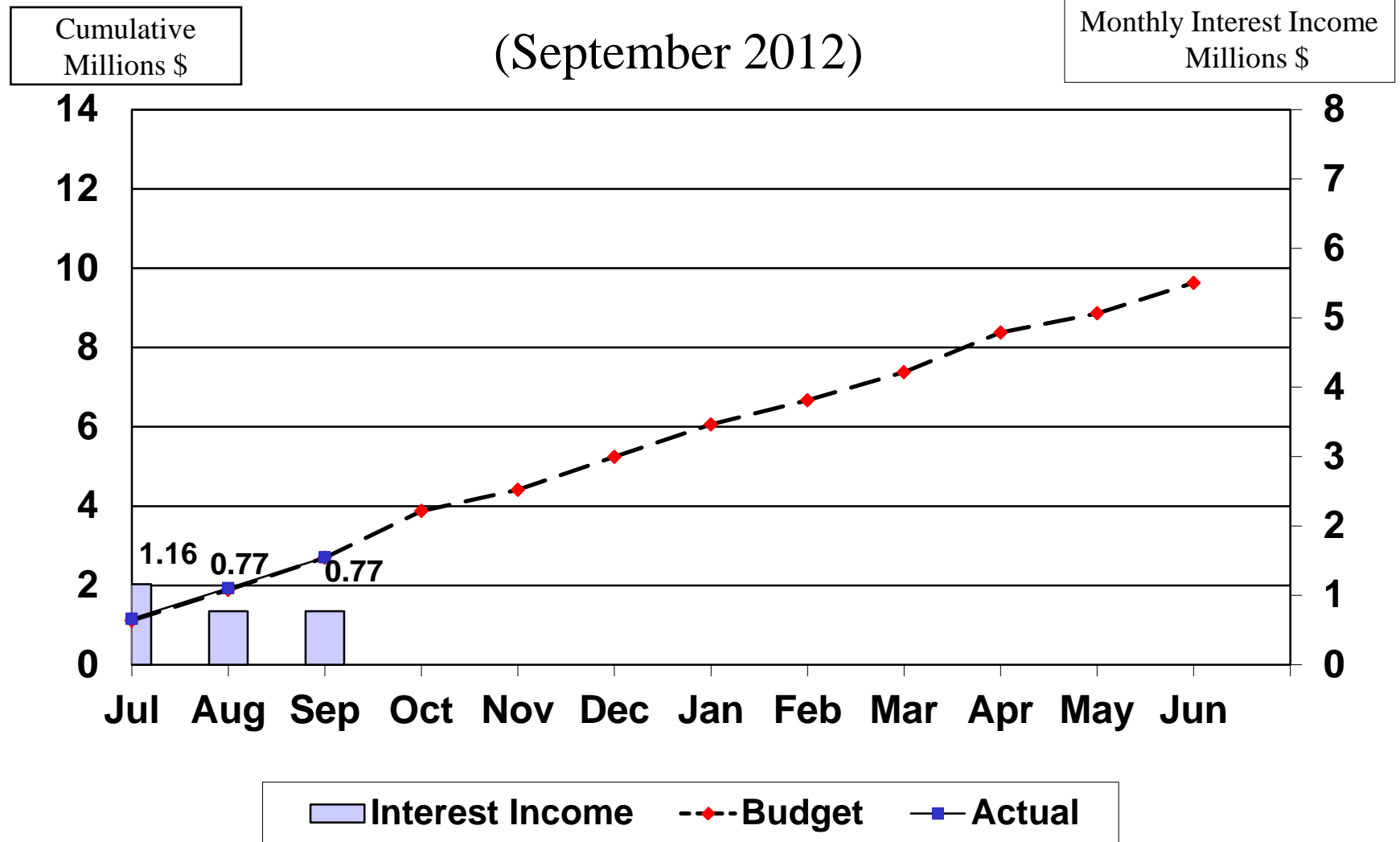


	3 Mth	2 Yr	5 Yr	10 Yr
06/30/2011	.01	.46	1.76	3.16
06/30/2012	.07	.25	0.62	1.45
09/30/2012	.09	.23	0.63	1.64

# Cumulative Cash Income

## FY12-13

(September 2012)





**City of Carlsbad**

**TRANSACTIONS FOR PERIOD:**

07/01/12 TO 09/30/12 1ST QUARTER 2012-2013

<u>Trans Date</u>	<u>Investment Date</u>	<u>Type</u>	<u>Security</u>	<u>Call Date</u>	<u>Par Value</u>	<u>Coupon</u>	<u>Amount (Cost)</u>	<u>Return Rate</u>	<u>Interest</u>	<u>Investment Return</u>
<b>BUYS</b>										
<b>JULY</b>										
07/02/2012	07/05/2012	FA	FHLMC	06/07/2013	1,000,000.00	1.150%	999,750.00	1.155%	56,855.56	1,056,605.56
07/02/2012	07/09/2012	CN	CHEVRON	N/A	1,750,000.00	3.950%	1,850,257.50	0.460%	13,798.75	1,864,056.25
07/11/2012	07/12/2012	FA	FNMA	07/11/2014	4,000,000.00	1.100%	4,000,000.00	1.100%	219,877.78	4,219,877.78
06/27/2012	07/27/2012	CD	FLUSHING SAVINGS BANK	N/A	248,000.00	0.750%	247,628.00	0.800%	5,951.97	253,579.97
<b>AUGUST</b>										
08/01/2012	08/06/2012	CN	IBM	N/A	5,000,000.00	1.250%	5,077,000.00	0.900%	204,250.00	5,281,250.00
08/07/2012	08/08/2012	FA	FAMCA	N/A	5,000,000.00	0.550%	5,011,500.00	0.470%	68,250.00	5,079,750.00
08/08/2012	08/13/2012	CN	IBM	N/A	3,500,000.00	0.550%	3,504,305.00	0.500%	43,445.69	3,547,750.69
07/26/2012	08/14/2012	FA	FNMA	08/14/2013	5,000,000.00	1.000%	5,000,000.00	1.000%	250,000.00	5,250,000.00
08/01/2012	08/15/2012	CD	EVERBANK	N/A	248,000.00	0.900%	247,008.00	1.000%	9,926.11	256,934.11
08/14/2012	08/16/2012	FA	FHLB	N/A	4,000,000.00	0.875%	4,000,000.00	0.875%	169,166.67	4,169,166.67
08/10/2012	08/24/2012	CD	FIRST BUSINESS BANK	N/A	248,000.00	0.600%	247,578.40	0.600%	5,635.72	253,214.12
08/16/2012	08/24/2012	CD	BLC COMMUNITY BANK	N/A	249,000.00	0.550%	248,690.24	0.600%	3,739.06	252,429.30
08/09/2012	08/27/2012	FA	FNMA	08/27/2013	5,000,000.00	0.520%	5,000,000.00	0.520%	78,000.00	5,078,000.00
08/22/2012	08/30/2012	CD	TRIUMPH BANK	N/A	249,000.00	0.500%	249,000.00	0.500%	3,107.41	252,107.41
<b>SEPTEMBER</b>										
08/29/2012	09/04/2012	CN	GOOGLE	N/A	1,000,000.00	2.125%	1,050,940.00	0.730%	27,862.08	1,078,802.08
09/18/2012	09/21/2012	CD	CITIZENS STATE BANK	N/A	249,000.00	0.500%	248,751.00	0.550%	2,742.46	251,493.46
09/20/2012	09/26/2012	CD	BEAQL BANK USA	N/A	247,000.00	0.500%	247,000.00	0.500%	1,136.85	248,136.85
09/20/2012	09/27/2012	FA	FNMA	09/27/2013	5,000,000.00	0.7% STEP	5,000,000.00	1.165%	293,750.00	5,293,750.00
<b>TOTAL FIRST QUARTER 2012-2013</b>					<u>41,988,000.00</u>		<u>42,229,408.14</u>	<u>0.803%</u>	<u>1,457,496.11</u>	<u>43,686,904.25</u>

**MATURITIES**

<b>JULY</b>										
	01/20/2010	FA	FHLMC	N/A	1,000,000.00	5.125%	1,092,760.00	1.320%	34,653.19	1,127,413.19
	08/08/2008	FA	FFCB	N/A	2,000,000.00	3.950%	2,002,900.00	3.910%	310,466.67	2,313,366.67
	03/24/2010	FA	FHLB	N/A	2,000,000.00	1.250%	2,000,352.89	1.243%	58,188.78	2,058,541.67
	06/04/2000	FA	FHLMC	N/A	5,000,000.00	1.125%	5,004,198.09	1.085%	116,583.16	5,120,781.25
	07/17/2008	CN	PROTECTIVE LIFE	N/A	3,000,000.00	5.050%	3,000,000.00	5.050%	605,158.33	3,605,158.33
<b>AUGUST</b>										
	12/24/2009	FA	FNMA	N/A	1,037,000.00	5.000%	1,127,519.73	1.567%	44,578.33	1,172,098.06
	01/25/2010	FA	FAMCA	N/A	1,000,000.00	2.100%	1,015,908.69	1.460%	37,466.31	1,053,375.00
	01/20/2010	FA	FNMA	N/A	1,000,000.00	1.750%	1,009,004.81	1.390%	35,717.41	1,044,722.22
	03/16/2010	FA	FNMA	N/A	3,000,000.00	1.750%	3,034,050.00	1.268%	91,950.00	3,126,000.00
	01/29/2009	FA	FHLB	N/A	2,000,000.00	4.625%	2,150,960.00	2.391%	176,901.11	2,327,861.11
	12/24/2009	FA	FHLB	N/A	1,000,000.00	4.625%	1,078,810.00	1.567%	43,367.08	1,122,177.08
	06/04/2010	FA	FHLB	N/A	1,000,000.00	2.400%	1,027,049.96	1.150%	25,683.37	1,052,733.33
	06/04/2010	FA	FHLB	N/A	4,000,000.00	1.100%	4,000,013.10	1.100%	98,253.57	4,098,266.67
	08/31/2007	CN	JOHNSON & JOHNSON	N/A	1,000,000.00	5.150%	1,017,457.28	4.750%	237,753.83	1,255,211.11

City of Carlsbad

TRANSACTIONS FOR PERIOD:

07/01/12 TO 09/30/12 1ST QUARTER 2012-2013

Trans Date	Investment Date	Type	Security	Call Date	Par Value	Coupon	Amount (Cost)	Return Rate	Interest	Investment Return
SEPTEMBER										
	05/05/2008	FA	FHLB	N/A	1,175,000.00	5.000%	1,238,814.19	3.640%	192,237.89	1,431,052.08
	08/22/2008	FA	FHLB	N/A	1,000,000.00	4.500%	1,022,730.00	3.889%	160,020.00	1,182,750.00
	06/04/2010	FA	FHLB	N/A	5,000,000.00	2.000%	5,091,850.00	1.180%	135,927.78	5,227,777.78
	03/08/2010	FA	FHLMC	N/A	3,000,000.00	2.125%	3,058,800.00	1.336%	102,877.08	3,161,677.08
	10/01/2009	FA	FFCB	N/A	1,000,000.00	1.800%	1,003,470.00	1.680%	50,180.00	1,053,650.00
	11/25/2009	FA	FFCB	N/A	3,000,000.00	1.800%	3,032,750.01	1.405%	120,099.99	3,152,850.00
	05/11/2009	FA	FHLMC	N/A	1,000,000.00	3.875%	1,063,510.00	1.928%	67,701.81	1,131,211.81
TOTAL FIRST QUARTER 2012-2013					43,212,000.00		44,072,908.75	1.921%	2,745,765.69	46,818,674.44

**CALLS**

JULY

09/23/2011	10/12/2011	FA	FNMA	07/12/2012	4,000,000.00	1.250%	3,990,400.00	1.300%	259,600.00	4,250,000.00
07/19/2011	07/24/2011	FA	FFCB	07/27/2012	3,500,000.00	1.550%	3,500,000.00	1.550%	217,000.00	3,717,000.00
04/26/2012	04/27/2012	FA	FFCB	07/30/2012	2,400,000.00	0.950%	2,400,000.00	0.950%	90,630.00	2,490,630.00
AUGUST										
07/29/2011	08/01/2011	FA	FFCB	08/01/2012	5,000,000.00	1.000%	5,000,000.00	1.000%	150,000.00	5,150,000.00
08/09/2011	08/15/2011	FA	FFCB	08/15/2012	2,000,000.00	1.750%	2,000,000.00	1.750%	175,000.00	2,175,000.00
08/12/2011	08/22/2011	FA	FFCB	08/22/2012	2,000,000.00	1.500%	2,000,000.00	1.500%	150,000.00	2,150,000.00
08/24/2011	08/26/2011	FA	FNMA	08/24/2012	3,000,000.00	1% STEP	3,000,000.00	1.735%	262,083.33	3,262,083.33
SEPTEMBER										
09/14/2010	09/14/2012	FA	FHLB	09/14/2012	2,000,000.00	1.740%	2,000,000.00	1.740%	174,000.00	2,174,000.00

TOTAL FIRST QUARTER 2012-2013					23,900,000.00		23,890,400.00	1.385%	1,478,313.33	25,368,713.33
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**INVESTMENT REPORT  
AS OF SEPTEMBER 30, 2012**

<u>INVESTMENT DATE</u>	<u>TYPE</u>	<u>SECURITY</u>	<u>PAR VALUE</u>	<u>INVESTED AMOUNT</u>	<u>RETURN RATE</u>	<u>INTEREST</u>	<u>INVESTMENT RETURN</u>	<u>TERM (Days)</u>
12/10/2007	FA	FFCB 4.5% NON-CALL	2,000,000.00	2,034,780.00	4.100%	401,970.00	2,436,750.00	1,773
06/04/2010	FA	FHLB 1.375% NON-CALL	3,000,000.00	3,012,394.24	1.200%	86,720.34	3,099,114.58	878
06/03/2008	FA	FNMA 6.41% NON-CALL	1,807,000.00	1,990,388.82	3.890%	331,405.40	2,321,794.22	1,624
07/01/2010	FA	FHLMC 4.125% NON-CALL	3,000,000.00	3,233,040.00	0.939%	72,897.50	3,305,937.50	904
01/14/2008	FA	FHLB 4.25% CALL 10/14/08	3,000,000.00	3,000,000.00	4.250%	637,500.00	3,637,500.00	1,827
10/20/2009	FA	FFCB 5.15% NON-CALL	1,000,000.00	1,102,490.00	1.926%	67,316.94	1,169,806.94	1,206
10/07/2010	FA	FFCB 3.4% NON-CALL	1,065,000.00	1,133,986.44	0.600%	15,503.56	1,149,490.00	854
03/10/2008	FA	FHLB 3.50% NON-CALL	3,000,000.00	2,963,940.00	3.765%	560,476.67	3,524,416.67	1,824
10/20/2009	FA	FHLMC 4.25% NON-CALL	500,000.00	536,967.86	2.100%	39,296.03	576,263.89	1,310
10/20/2009	FA	FHLMC 4.0% NON-CALL	500,000.00	532,794.50	2.120%	40,094.39	572,888.89	1,331
11/10/2008	FA	FHLB 5.375% NON-CALL	1,000,000.00	1,065,788.37	3.800%	181,163.02	1,246,951.39	1,677
08/13/2009	FA	FHLB 4.25% NON-CALL	2,000,000.00	2,130,988.03	2.450%	195,081.41	2,326,069.44	1,401
05/25/2010	FA	FFCB 1.375% NON-CALL	2,000,000.00	1,993,760.00	1.479%	91,031.67	2,084,791.67	1,127
12/28/2009	FA	FHLB 1.85% NON-CALL	2,000,000.00	1,987,226.45	2.040%	142,273.55	2,129,500.00	1,278
08/27/2008	FA	FNMA 4.375% NON-CALL	2,000,000.00	2,035,600.00	3.970%	392,177.78	2,427,777.78	1,785
08/19/2009	FA	FFCB 2.7% NON-CALL	1,000,000.00	1,005,669.88	2.550%	102,330.12	1,108,000.00	1,461
11/12/2008	FA	FHLB 4.0% NON-CALL	1,000,000.00	1,007,890.00	3.818%	184,776.67	1,192,666.67	1,759
12/17/2008	FA	FHLB 4.375% NON-CALL	2,000,000.00	2,154,940.00	2.625%	259,712.78	2,414,652.78	1,731
03/24/2010	FA	FHLMC 4.125% NON-CALL	3,000,000.00	3,222,330.00	1.930%	211,826.25	3,434,156.25	1,283
02/23/2010	FA	FFCB 3.875% NON-CALL	1,000,000.00	1,065,180.00	2.000%	75,181.11	1,140,361.11	1,322
10/19/2011	FA	FNMA 1.125% NON-CALL	5,000,000.00	5,061,150.00	0.500%	49,631.25	5,110,781.25	720
04/15/2010	FA	FHLB 2.00% NON-CALL	2,000,000.00	2,000,000.00	2.000%	140,000.00	2,140,000.00	1,279
10/19/2009	FA	FFCB 5.350% NON-CALL	2,000,000.00	2,235,072.36	2.264%	193,522.08	2,428,594.44	1,463
01/20/2009	FA	FHLB 3.125% NON-CALL	2,000,000.00	2,047,941.08	2.600%	258,135.31	2,306,076.39	1,788
02/12/2010	FA	FFCB 3.00% NON-CALL	1,000,000.00	1,028,536.49	2.250%	91,463.51	1,120,000.00	1,461
09/17/2010	FA	FNMA 1.3% CALL 3/17/11	2,000,000.00	2,000,000.00	1.300%	91,000.00	2,091,000.00	1,277
03/24/2010	FA	FHLB 2.5% NON-CALL	3,000,000.00	3,016,423.52	2.363%	300,034.82	3,316,458.34	1,542
10/20/2009	FA	FFCB 4.375% NON-CALL	3,000,000.00	3,234,480.00	2.595%	381,665.83	3,616,145.83	1,714
03/24/2010	FA	FHLB 5.5% NON-CALL	3,000,000.00	3,395,255.41	2.323%	328,452.92	3,723,708.33	1,603
09/08/2010	FA	FNMA 1.50% CALL 3/8/11	2,000,000.00	2,000,000.00	1.500%	120,000.00	2,120,000.00	1,461
03/24/2010	FA	FHLB 5.25% NON-CALL	2,000,000.00	2,231,960.00	2.490%	237,040.00	2,469,000.00	1,633
03/24/2010	FA	FFCB 3.0% NON-CALL	2,000,000.00	2,047,400.80	2.440%	222,265.87	2,269,666.67	1,643
11/07/2011	FA	FNMA .80% CALL 10/24/12	3,000,000.00	3,000,937.50	0.789%	70,195.83	3,071,133.33	1,082
01/23/2012	FA	FHLB .52% NON-CALL	5,000,000.00	5,000,000.00	0.520%	78,000.00	5,078,000.00	1,096
05/08/2012	FA	FNMA .55% CALL 2/27/14 ONE TIME	3,000,000.00	3,002,700.00	0.518%	43,545.83	3,046,245.83	1,025
06/04/2010	FA	FNMA 2.00% CALL 10/29/12 STEP	2,000,000.00	2,018,771.34	2.780%	277,339.77	2,296,111.11	1,790
02/23/2012	FA	FHLB .55% NON-CALL	5,000,000.00	5,000,000.00	0.550%	88,763.89	5,088,763.89	1,177
05/29/2012	FA	FNMA .65% CALL 5/29/13 ONE TIME	5,000,000.00	5,000,000.00	0.650%	97,500.00	5,097,500.00	1,095
08/08/2012	FA	FAMCA .55% NON-CALL	5,000,000.00	5,011,500.00	0.470%	68,250.00	5,079,750.00	1,058
03/30/2011	FA	FHLB 2.0% NON-CALL	2,000,000.00	1,999,000.00	2.012%	174,333.33	2,173,333.33	1,583

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<b>INVESTMENT DATE</b>	<b>TYPE</b>	<b>SECURITY</b>	<b>PAR VALUE</b>	<b>INVESTED AMOUNT</b>	<b>RETURN RATE</b>	<b>INTEREST</b>	<b>INVESTMENT RETURN</b>	<b>TERM (Days)</b>
08/27/2012	FA	FNMA .52% CALL 8/27/13	5,000,000.00	5,000,000.00	0.520%	78,000.00	5,078,000.00	1,095
04/04/2011	FA	FHLB 2.0% NON-CALL	2,000,000.00	2,000,000.00	2.000%	176,000.00	2,176,000.00	1,607
09/21/2010	FA	FNMA 2.0% CALL 3/21/11	2,000,000.00	2,000,000.00	2.000%	200,000.00	2,200,000.00	1,826
10/28/2010	FA	FNMA 1.50% CALL 4/28/11	2,000,000.00	1,999,000.00	1.510%	151,000.00	2,150,000.00	1,826
06/04/2012	FA	FNMA .71% CALL 6/4/13 QRTLY	3,900,000.00	3,900,000.00	0.710%	96,915.00	3,996,915.00	1,278
06/20/2012	FA	FNMA 2.00% NON-CALL	4,000,000.00	4,186,600.00	0.660%	95,622.22	4,282,222.22	1,288
06/04/2012	FA	FFCB .77% CALL 8/1/12 CONT	3,000,000.00	3,000,000.00	0.770%	84,507.50	3,084,507.50	1,337
03/01/2012	FA	FNMA .50% QRTLY CALL STEP	3,000,000.00	2,999,700.00	1.317%	156,841.67	3,156,541.67	1,439
06/01/2012	FA	FNMA .50% CALL 5/17/13 QRTLY STEP	4,000,000.00	3,999,800.00	1.102%	164,422.22	4,164,222.22	1,356
02/22/2012	FA	FFCB .85% CALL 2/22/13	5,000,000.00	5,000,000.00	0.850%	170,000.00	5,170,000.00	1,461
02/24/2012	FA	FHLMC .85% ONE CALL 2/24/14	3,000,000.00	2,995,500.00	0.890%	106,500.00	3,102,000.00	1,461
06/20/2012	FA	FNMA 2.25% NON-CALL	5,000,000.00	5,285,278.17	0.700%	135,034.33	5,420,312.50	1,364
06/27/2012	FA	FFCB .80% CALL 6/21/13 CONTINUOUS	5,000,000.00	5,002,500.00	0.786%	146,833.33	5,149,333.33	1,363
04/27/2011	FA	FHLB 2.5% NON-CALL	2,000,000.00	2,000,000.00	2.500%	250,000.00	2,250,000.00	1,827
10/06/2011	FA	FFCB 1.30% NON-CALL	5,000,000.00	5,000,000.00	1.300%	325,000.00	5,325,000.00	1,827
10/11/2011	FA	FFCB 1.370% CALL 10/11/12 CONT	5,000,000.00	5,000,000.00	1.370%	342,500.00	5,342,500.00	1,827
10/24/2011	FA	FNMA 1.70% CALL 10/24/12 QRTLY	5,000,000.00	5,000,000.00	1.700%	425,000.00	5,425,000.00	1,827
10/26/2011	FA	FNMA 1.125% CALL 10/26/12 QRTLY STEP	5,000,000.00	5,000,000.00	1.810%	462,500.00	5,462,500.00	1,827
11/23/2011	FA	FNMA 1.25% STEP QRTLY CALLS	5,000,000.00	5,000,000.00	1.688%	425,000.00	5,425,000.00	1,827
06/06/2012	FA	FNMA 1.0% CALL 5/23/13 QRTLY	2,000,000.00	1,999,000.00	1.011%	90,277.78	2,089,277.78	1,631
01/25/2012	FA	FNMA 1.65% QRTLY CALLS	5,000,000.00	5,030,800.00	1.519%	372,304.17	5,403,104.17	1,785
01/30/2012	FA	FNMA 1.30% QRTLY CALL 1/30/13	5,000,000.00	5,000,000.00	1.300%	325,000.00	5,325,000.00	1,827
04/11/2012	FA	FNMA .75% ANNUAL CALL STEP	4,000,000.00	3,998,000.00	1.528%	296,083.33	4,294,083.33	1,755
02/06/2012	FA	FNMA .75% QRTLY CALL 2/6/13 STEP	5,000,000.00	5,000,000.00	1.682%	425,000.00	5,425,000.00	1,827
02/21/2012	FA	FNMA 1.10% QRTLY CALL	5,000,000.00	4,985,000.00	1.162%	290,000.00	5,275,000.00	1,827
05/21/2012	FA	FNMA 1.10% QRTLY CALL	4,000,000.00	3,988,000.00	1.165%	221,000.00	4,209,000.00	1,737
05/24/2012	FA	FNMA 1.150% ONE CALL 2/28/14	2,050,000.00	2,050,000.00	1.150%	112,243.19	2,162,243.19	1,741
03/08/2012	FA	FNMA 1.375% QRTLY CALL	5,000,000.00	5,000,000.00	1.375%	343,750.00	5,343,750.00	1,826
04/26/2012	FA	FNMA 1.2% QRTLY CALL	4,000,000.00	4,000,000.00	1.200%	233,600.00	4,233,600.00	1,777
03/13/2012	FA	FNMA 1.150% ONE CALL 3/13/14	3,950,000.00	3,942,100.00	1.191%	235,025.00	4,177,125.00	1,826
05/03/2012	FA	FNMA 1.01% STEP CALL 3/28/13 ANNUAL	1,655,000.00	1,655,000.00	1.304%	106,280.88	1,761,280.88	1,790
04/26/2012	FA	FFCB 1.20% CALL 4/25/13 CONTINUOUS	3,000,000.00	2,998,200.00	1.200%	181,700.00	3,179,900.00	1,825
05/10/2012	FA	FNMA 1.30% CALL 5/10/13 QRTLY	5,000,000.00	5,000,000.00	1.300%	325,000.00	5,325,000.00	1,826
06/04/2012	FA	FNMA .625% CALL 5/17/13 ANNUAL STEP	4,000,000.00	4,000,000.00	1.566%	313,819.44	4,313,819.44	1,808
05/24/2012	FA	FHLMC 1.2% CALL 5/24/13 QRTLY	5,000,000.00	4,995,000.00	1.221%	305,000.00	5,300,000.00	1,826
05/30/2012	FA	FHLMC 1.2% CALL 5/30/14 QRTLY	5,000,000.00	5,000,000.00	1.200%	300,000.00	5,300,000.00	1,826
06/07/2012	FA	FHLMC 1.30% CALL 6/7/13 QRTLY	4,000,000.00	4,000,000.00	1.300%	260,000.00	4,260,000.00	1,826
07/05/2012	FA	FHLMC 1.150% CALL 6/7/13 QRTLY	1,000,000.00	999,750.00	1.155%	56,855.56	1,056,605.56	1,798
08/16/2012	FA	FHLB .875% NON-CALL	4,000,000.00	4,000,000.00	0.875%	169,166.67	4,169,166.67	1,765
07/12/2012	FA	FNMA 1.1% CALL 7/11/14 QRTLY	4,000,000.00	4,000,000.00	1.100%	219,877.78	4,219,877.78	1,825
08/14/2012	FA	FNMA 1.0% CALL 8/14/13 QRTLY	5,000,000.00	5,000,000.00	1.000%	250,000.00	5,250,000.00	1,826
09/27/2012	FA	FNMA 0.70% CALL 9/27/13 QRTLY STEP	5,000,000.00	5,000,000.00	1.165%	293,750.00	5,293,750.00	1,826

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<u>INVESTMENT DATE</u>	<u>TYPE</u>	<u>SECURITY</u>	<u>PAR VALUE</u>	<u>INVESTED AMOUNT</u>	<u>RETURN RATE</u>	<u>INTEREST</u>	<u>INVESTMENT RETURN</u>	<u>TERM (Days)</u>
		SUB-TOTAL	260,427,000.00	263,550,511.26	1.457%	17,117,285.50	280,667,796.76	-
03/02/2009	FN	FICO 0.0% NON-CALL	2,000,000.00	1,793,820.00	3.050%	206,180.00	2,000,000.00	1,314
03/09/2010	FN	FICO 0.0% NON-CALL	2,000,000.00	1,882,080.00	1.850%	117,920.00	2,000,000.00	1,206
10/04/2011	FN	TENNESSEE VALLEY AUTHORITY 0.00% NON-CALL	4,143,000.00	4,099,415.64	0.510%	87,168.72	4,186,584.36	759
01/18/2011	FN	FICO 0.00% NON-CALL	1,076,000.00	1,027,655.32	1.370%	96,689.36	1,124,344.68	1,228
11/24/2010	FN	FNMA 0% NON-CALL	2,000,000.00	1,922,260.00	1.100%	155,480.00	2,077,740.00	1,319
03/09/2011	FN	FNMA .00% NON-CALL	2,657,000.00	2,511,688.67	1.700%	290,622.66	2,802,311.33	1,214
07/25/2011	FN	FNMA 00% NON-CALL	2,500,000.00	2,419,825.00	1.020%	80,175.00	2,500,000.00	1,171
		SUB-TOTAL	16,376,000.00	15,656,744.63	1.203%	1,034,235.74	16,690,980.37	1,173
		<b>Federal Investments Total</b>	<b>276,803,000.00</b>	<b>279,207,255.89</b>		<b>18,151,521.24</b>	<b>297,358,777.13</b>	<b>1,173</b>
11/10/2008	TR	US TREASURY 3.125%	1,000,000.00	1,031,328.00	2.430%	118,792.86	1,150,120.86	1,755
11/12/2008	TR	US TREASURY 4.0%	1,000,000.00	1,030,781.25	2.452%	121,777.13	1,152,558.38	1,783
		SUB-TOTAL	2,000,000.00	2,062,109.25	2.441%	240,569.99	2,302,679.24	1,769
10/31/2007	CN	GENERAL ELECTRIC 5.250% NON-CALL	2,000,000.00	2,036,663.70	4.830%	484,836.30	2,521,500.00	1,815
11/23/2007	CN	GENERAL ELECTRIC 5.250% NON-CALL	2,000,000.00	2,065,283.50	4.500%	449,799.83	2,515,083.33	1,792
01/30/2008	CN	WELLS FARGO 5.250% NON-CALL	1,000,000.00	1,042,814.41	4.240%	205,539.76	1,248,354.17	1,728
03/18/2011	CN	MET LIFE OF CONNECTICUT 5.01% NON-CALL	2,000,000.00	2,121,360.00	1.561%	58,165.00	2,179,525.00	657
12/28/2010	CN	ROYAL BANK OF CANADA 2.25% NON-CALL	2,000,000.00	2,047,930.00	1.150%	51,695.00	2,099,625.00	808
04/24/2008	CN	MET LIFE GLOBAL FUNDING 5.125% NON-CALL	1,000,000.00	1,003,232.48	5.050%	251,024.46	1,254,256.94	1,812
05/07/2008	CN	MET LIFE GLOBAL FUNDING 5.125% NON-CALL	2,000,000.00	2,019,402.04	4.900%	485,410.46	2,504,812.50	1,799
05/12/2009	CN	WAL-MART 4.250% NON-CALL	1,000,000.00	1,047,829.91	2.950%	118,982.59	1,166,812.50	1,434
05/30/2008	CN	ALLSTATE LIFE 5.375% NON-CALL	2,000,000.00	2,023,559.81	5.100%	504,981.86	2,528,541.67	1,796
05/09/2008	CN	NEW YORK LIFE 4.650% NON-CALL	1,000,000.00	1,006,649.66	4.500%	225,850.34	1,232,500.00	1,826
02/11/2011	CN	NEW YORK LIFE 4.650% NON-CALL	2,000,000.00	2,150,000.00	1.250%	58,733.33	2,208,733.33	818
12/23/2008	CN	BERKSHIRE HATHWWY 4.60% NON-CALL	1,000,000.00	1,023,835.68	4.000%	177,542.10	1,201,377.78	1,604
05/12/2009	CN	3 M 4.375% NON-CALL	2,000,000.00	2,121,417.76	2.850%	251,186.41	2,372,604.17	1,556
07/18/2011	CN	GENERAL ELECTRIC 2.10% NON-CALL	2,000,000.00	2,037,760.00	1.320%	65,956.67	2,103,716.67	904
07/09/2012	CN	CHEVRON 3.9% NON-CALL	1,750,000.00	1,850,257.50	0.460%	13,798.75	1,864,056.25	602
04/04/2012	CN	METLIFE GLOBAL 1.481% NON-CALL FLOATING	2,000,000.00	2,014,740.00	0.950%	39,986.00	2,054,726.00	730
12/27/2011	CN	MASS MUTUAL GLOB 2.875% NON-CALL	2,500,000.00	2,583,739.37	1.400%	82,771.05	2,666,510.42	846
05/27/2011	CN	WAL-MART 3.20% NON-CALL	2,500,000.00	2,645,275.00	1.200%	92,058.33	2,737,333.33	1,084
05/29/2009	CN	WAL-MART 3.20% NON-CALL	1,000,000.00	1,003,190.00	3.130%	155,565.56	1,158,755.56	1,812
05/20/2010	CN	MICROSOFT 2.95% NON-CALL	2,000,000.00	2,072,820.00	2.005%	164,982.78	2,237,802.78	1,473
10/07/2011	CN	METLIFE GLOBAL 5.125% NON-CALL	1,500,000.00	1,625,547.72	1.900%	80,092.90	1,705,640.62	977

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<b>INVESTMENT DATE</b>	<b>TYPE</b>	<b>SECURITY</b>	<b>PAR VALUE</b>	<b>INVESTED AMOUNT</b>	<b>RETURN RATE</b>	<b>INTEREST</b>	<b>INVESTMENT RETURN</b>	<b>TERM (Days)</b>
12/23/2011	CN	GENERAL ELECTRIC CAPITAL .696% FLOATING	2,000,000.00	1,914,520.00	2.250%	123,464.31	2,037,984.31	997
10/05/2011	CN	PROVEDENCE HEALTH 5.05% CALL @ MAKEWHOLE	2,000,000.00	2,237,929.50	1.000%	63,948.28	2,301,877.78	1,092
04/05/2012	CN	BERKSHIRE HATHAWAY 5.50% NON-CALL	2,000,000.00	2,236,460.00	0.700%	37,317.78	2,273,777.78	909
10/28/2011	CN	METLIFE GLOBAL 2.00% NON-CALL	1,475,000.00	1,490,888.40	1.500%	49,011.60	1,539,900.00	1,078
01/17/2012	CN	NEW YORK LIFE 1.30% NON-CALL	5,000,000.00	5,021,951.16	1.150%	172,146.06	5,194,097.22	1,091
02/01/2012	CN	GENERAL ELECTRIC 1.375% FLOATER	5,000,000.00	5,000,000.00	1.375%	206,059.03	5,206,059.03	1,094
08/13/2012	CN	IBM CORP .55% NON-CALL	3,500,000.00	3,504,305.00	0.500%	43,445.69	3,547,750.69	907
09/16/2011	CN	BERKSHIRE HATHAWAY 3.20% NON-CALL	3,000,000.00	3,175,710.00	1.430%	150,956.67	3,326,666.67	1,244
05/02/2012	CN	TOYOTA .50% STEP CALL 4/3/013 QRTLY	4,000,000.00	4,000,000.00	1.000%	119,888.89	4,119,888.89	1,093
02/17/2012	CN	SHELL INTERNATIONAL FIN 3.1% NON-CALL	5,000,000.00	5,384,350.00	0.780%	137,052.78	5,521,402.78	1,227
10/04/2011	CN	MERCK & CO 4.0% NON-CALL	5,000,000.00	5,498,750.00	1.260%	249,027.78	5,747,777.78	1,365
04/17/2012	CN	PROCTER & GAMBLE 3.150% NON-CALL	3,000,000.00	3,242,427.56	0.720%	76,247.44	3,318,675.00	1,232
02/09/2011	CN	MET LIFE GLOBAL FUNDING 2.5% NON-CALL	1,000,000.00	978,478.42	3.000%	137,493.80	1,115,972.22	1,693
05/06/2011	CN	MET LIFE GLOBAL FUNDING 2.5% NON-CALL	1,000,000.00	993,799.11	2.650%	116,131.45	1,109,930.56	1,607
10/06/2011	CN	WAL-MART 1.50% NON-CALL	3,000,000.00	3,049,826.34	1.080%	132,548.66	3,182,375.00	1,480
05/15/2012	CN	WAL-MART 1.50% NON-CALL	2,630,000.00	2,696,944.02	0.750%	68,939.31	2,765,883.33	1,258
02/10/2012	CN	PROCTER & GAMBLE 1.80% NON-CALL	2,844,000.00	2,965,410.36	0.650%	71,270.64	3,036,681.00	1,374
12/15/2010	CN	BARCLAYS BANK 3.10% NON-CALL	2,000,000.00	2,000,000.00	3.100%	310,000.00	2,310,000.00	1,826
12/15/2010	CN	ROYAL BANK OF CANADA 2.625% NON-CALL	2,000,000.00	2,038,220.00	2.220%	225,009.16	2,263,229.16	1,826
04/13/2012	CN	PROCTER & GAMBLE 4.85% NON-CALL	1,000,000.00	1,147,830.00	0.760%	30,272.78	1,178,102.78	1,341
10/31/2011	CN	MET LIFE GLOBAL FUNDING 3.125% NON-CALL	1,635,000.00	1,695,247.73	2.200%	154,062.17	1,849,309.90	1,533
12/28/2011	CN	MET LIFE GLOBAL FUNDING 3.125% NON-CALL	2,000,000.00	2,063,239.83	2.300%	189,017.11	2,252,256.94	1,475
01/25/2012	CN	MET LIFE GLOBAL FUNDING 3.125% NON-CALL	5,000,000.00	5,189,924.57	2.120%	428,999.04	5,618,923.61	1,447
03/09/2012	CN	MET LIFE GLOBAL FUNDING 3.125% NON-CALL	3,000,000.00	3,169,646.15	1.600%	190,249.68	3,359,895.83	1,403
02/08/2012	CN	GENERAL ELECTRIC 1.55% NON-CALL FLOATER	5,000,000.00	5,000,000.00	1.390%	227,500.00	5,227,500.00	1,461
05/06/2011	CN	MASS MUTUAL GLOB 3.125% NON-CALL	1,000,000.00	1,024,175.57	3.125%	130,164.71	1,154,340.28	1,805
05/16/2011	CN	GENERAL ELECTRIC 2.95% NON-CALL	2,000,000.00	2,000,912.32	2.940%	292,940.46	2,293,852.78	1,820
06/17/2011	CN	GENERAL ELECTRIC 2.95% NON-CALL	2,000,000.00	2,009,952.38	2.840%	278,819.84	2,288,772.22	1,788
09/12/2011	CN	GENERAL ELECTRIC 2.95% NON-CALL	1,400,000.00	1,427,513.33	2.500%	164,875.84	1,592,389.17	1,701
09/04/2012	CN	GOOGLE 2.125% NON-CALL	1,000,000.00	1,050,940.00	2.125%	6,197.92	1,057,137.92	1,353
10/27/2011	CN	PROCTER & GAMBLE 1.45% NON-CALL	5,000,000.00	5,011,536.25	1.400%	336,463.75	5,348,000.00	1,754
10/11/2011	CN	BERKSHIRE HATHAWAY 2.20% NON-CALL	5,000,000.00	5,022,855.25	2.100%	510,033.64	5,532,888.89	1,770
09/22/2011	CN	TOYOTA 2.0% NON-CALL	5,000,000.00	5,023,645.00	1.900%	474,410.56	5,498,055.56	1,820
11/10/2011	CN	NEW YORK LIFE 2.45% NON-CALL	3,550,000.00	3,669,194.08	1.700%	287,655.64	3,956,849.72	1,708
01/31/2012	CN	BERSHIRE HATHAWAY 1.90% NON-CALL	5,000,000.00	5,047,739.83	1.700%	427,260.17	5,475,000.00	1,827
01/31/2012	CN	HSBC BANK USA 2.5% FLOATING RATE	5,000,000.00	5,000,000.00	1.748%	425,000.00	5,425,000.00	1,827
03/05/2012	CN	BERSHIRE HATHAWAY 1.90% NON-CALL	2,850,000.00	2,914,809.00	1.418%	200,676.42	3,115,485.42	1,793
08/06/2012	CN	IBM CORP 1.250% NON-CALL	5,000,000.00	5,077,000.00	0.900%	204,250.00	5,281,250.00	1,645
02/16/2012	CN	WESTPAC BANKING CORP 2.3% NON-CALL	5,000,000.00	5,000,000.00	2.300%	574,680.56	5,574,680.56	1,826
04/18/2012	CN	WAL-MART STORES 5.375% NON-CALL	3,000,000.00	3,568,354.19	1.400%	229,833.31	3,798,187.50	1,813
06/05/2012	CN	HSBC BANK USA 1.925% FLOATER	5,000,000.00	5,000,000.00	1.507%	380,000.00	5,380,000.00	1,826

**INVESTMENT REPORT  
AS OF SEPTEMBER 30, 2012**

<u>INVESTMENT DATE</u>	<u>TYPE</u>	<u>SECURITY</u>	<u>PAR VALUE</u>	<u>INVESTED AMOUNT</u>	<u>RETURN RATE</u>	<u>INTEREST</u>	<u>INVESTMENT RETURN</u>	<u>TERM (Days)</u>
		SUB-TOTAL	166,134,000.00	171,087,793.89	1.778%	12,652,282.41	183,740,076.30	1,479
09/20/2012	CD	BEAL BANK USA .50%	247,000.00	247,000.00	0.500%	1,136.85	248,136.85	
09/16/2011	CD	SAFRA NATIONAL BANK .80%	248,000.00	248,000.00	0.800%	3,973.43	251,973.43	731
09/16/2011	CD	MERRICK BANK .70%	249,000.00	249,000.00	0.700%	3,490.83	252,490.83	731
09/30/2011	CD	COMPASS BANK 1.0%	248,000.00	248,000.00	1.000%	4,966.80	252,966.80	731
10/07/2011	CD	DORAL BANK 1.0%	248,000.00	248,000.00	1.000%	4,966.80	252,966.80	731
10/18/2011	CD	MEDALLION BANK .75%	249,000.00	249,000.00	0.750%	3,740.11	252,740.11	731
04/16/2012	CD	CAPAHA BANK 1.1%	249,000.00	249,000.00	1.100%	5,503.55	254,503.55	764
06/13/2012	CD	SOVEREIGN BANK .65%	248,000.00	248,000.00	0.650%	3,224.00	251,224.00	730
04/16/2012	CD	BANK OF GEORGETOWN 1.0%	249,000.00	249,000.00	1.000%	5,402.96	254,402.96	792
06/20/2012	CD	FIRST NATL BANK OMAHA NEB .70%	249,000.00	249,000.00	0.700%	3,486.00	252,486.00	730
08/17/2011	CD	AMERICAN EXPRES CENTURION BANK 1.20%	248,000.00	248,000.00	1.200%	8,887.23	256,887.23	1,090
08/17/2011	CD	CIT BANK 1.10%	248,000.00	248,000.00	1.100%	8,198.94	256,198.94	1,097
08/17/2011	CD	DISCOVER BANK 1.15%	248,000.00	248,000.00	1.150%	8,571.62	256,571.62	1,097
08/17/2011	CD	ALLY BANK 1.15%	248,000.00	248,000.00	1.150%	8,579.43	256,579.43	1,097
08/17/2011	CD	GE MONEY BANK 1.15%	248,000.00	248,000.00	1.150%	8,563.81	256,563.81	1,098
08/19/2011	CD	GE CAPITAL FINANCIAL INC 1.15%	248,000.00	248,000.00	1.150%	8,563.81	256,563.81	1,096
08/24/2011	CD	GOLDMAN SACHS BANK 1.15%	248,000.00	248,000.00	1.150%	8,571.62	256,571.62	1,097
09/21/2011	CD	TRANSPORTATION ALLIANCE BANK INC .75%	249,000.00	249,000.00	0.750%	5,612.71	254,612.71	1,097
09/21/2012	CD	CITIZENS STATE BANK .50%	249,000.00	248,751.00	0.550%	2,742.46	251,493.46	731
09/23/2011	CD	STATE BANK OF INDIA 1.30%	248,000.00	248,000.00	1.300%	9,680.83	257,680.83	1,096
09/23/2011	CD	BMW BANK OF NORTH AMERICA 1.35%	248,000.00	248,000.00	1.350%	10,053.17	258,053.17	1,096
04/30/2012	CD	STERLING SAVINGS BANK .75%	248,000.00	248,000.00	0.750%	4,749.36	252,749.36	932
04/20/2012	CD	PLUS INTERNATIONAL .85%	249,000.00	249,000.00	0.850%	5,520.35	254,520.35	952
06/08/2012	CD	HUNTINGTON NATL BANK .75%	248,000.00	248,000.00	0.750%	4,652.55	252,652.55	913
01/11/2012	CD	SALLIE MAE BANK 1.35%	248,000.00	248,000.00	1.350%	9,869.73	257,869.73	1,076
01/11/2012	CD	BARCLAYS BANK DELAWARE 1.25%	248,000.00	248,000.00	1.250%	9,308.49	257,308.49	1,096
08/24/2012	CD	BLC COMMUNITY BANK .50%	249,000.00	248,690.24	0.550%	3,427.40	252,117.64	914
08/30/2012	CD	TRIUMPH BANK .50%	249,000.00	249,000.00	0.500%	3,107.41	252,107.41	911
05/09/2012	CD	GEORGIA BANK & TRUST .70%	248,000.00	247,628.00	0.750%	5,589.51	253,217.51	1,097
01/23/2012	CD	LCA BANK CORPORATION .85%	248,000.00	248,000.00	0.850%	7,375.11	255,375.11	1,277
07/27/2012	CD	FLUSHING SAVINGS BANK.75%	248,000.00	247,628.00	0.800%	5,951.97	253,579.97	1,095
09/15/2011	CD	BANK OF THE WEST 1.4%	249,000.00	249,000.00	1.400%	13,943.96	262,943.96	1,460
12/02/2011	CD	MIDLAND STATES BANK 1.25%	249,000.00	249,000.00	1.250%	12,450.00	261,450.00	1,461
01/25/2012	CD	NATIONAL REPUBLIC BANK 1.0%	249,000.00	249,000.00	1.000%	9,966.87	258,966.87	1,461
02/10/2012	CD	CARDINAL BANK MCLEAN VA .90%	249,000.00	249,000.00	0.900%	8,970.06	257,970.06	1,461
08/24/2012	CD	FIRST BUSINESS BANK .60%	248,000.00	247,578.40	0.600%	5,635.72	253,214.12	1,279
05/04/2012	CD	HERITAGE BANK OF COMMERCE .80%	249,000.00	248,004.00	0.900%	8,953.05	256,957.05	1,459
05/18/2012	CD	NORTH JERSEY COMMUNITY .85%	248,000.00	247,008.00	0.950%	9,429.77	256,437.77	1,461

**INVESTMENT REPORT  
AS OF SEPTEMBER 30, 2012**

<b>INVESTMENT DATE</b>	<b>TYPE</b>	<b>SECURITY</b>	<b>PAR VALUE</b>	<b>INVESTED AMOUNT</b>	<b>RETURN RATE</b>	<b>INTEREST</b>	<b>INVESTMENT RETURN</b>	<b>TERM (Days)</b>
05/22/2012	CD	STATE BANK & TRUST CO MACON, GA .80%	249,000.00	248,004.00	0.900%	8,974.88	256,978.88	1,462
05/31/2012	CD	CRESCENT BANK & TRUST .90%	249,000.00	248,502.00	0.950%	9,468.06	257,970.06	1,461
08/15/2012	CD	EVERBANK .90%	248,000.00	247,008.00	0.900%	9,926.11	256,934.11	1,461
02/28/2012	CD	MERCANTILE BANK OF MICHIGAN 1.15%	248,000.00	247,380.00	1.150%	14,895.62	262,275.62	1,827
SUB-TOTAL			10,432,000.00	10,425,181.64	0.768%	300,082.94	10,725,264.58	1,095
	O	WELLS FARGO BANK	739,133.00	739,133.00	0.020%	0.41	739,133.41	1
	O	CORPORATE CASH MANAGEMENT ACCOUNT	2,736,572.51	2,736,572.51	0.020%	1.50	2,736,574.01	1
	O	LIBRARY ACCOUNT	1,151.38	1,151.38	0.000%	-	1,151.38	1
	O	UNION TRUST	8,686.25	8,686.25	0.000%	0.00	8,686.25	1
	O	L A I F WATER DISTRICT	35,188,000.00	35,188,000.00	0.370%	361.65	35,188,361.65	1
	O	L A I F PUBLIC IMPROVEMENT CORPORATION	33,000,000.00	33,000,000.00	0.370%	339.17	33,000,339.17	1
	O	L A I F PUBLIC FINANCING CORPORATION	32,248,000.00	32,248,000.00	0.370%	331.44	32,248,331.44	1
	O	L A I F CITY OF CARLSBAD	43,332,000.00	43,332,000.00	0.370%	445.36	43,332,445.36	1
SUB-TOTAL			147,253,543.14	147,253,543.14	0.362%	1,479.52	147,255,022.66	
GRAND TOTAL			602,622,543.14	610,035,883.81	1.268%	31,345,936.10	641,381,819.91	



**CITY OF CARLSBAD**  
**Fund Equity in Pooled Investments**  
**AS OF SEPTEMBER 30, 2012**

**Cash Balance by Fund:**

General		65,475,204
Special Revenue		48,015,024
Debt Service		0
Capital Projects:		
General Capital Construction	53,711,291	
Traffic Impact Fees	19,807,345	
Public Facilities Fees	49,663,579	
Park Development	3,921,276	
Transnet Taxes	9,389,610	
Drainage Fees	5,543,833	
Special Districts	80,912,414	
Infrastructure Replacement	76,489,364	
Redevelopment (see Trust Funds)	0	
Other Capital Construction	2,516,595	
	<b>Total</b>	<b>301,955,308</b>
Enterprise:		
Carlsbad Municipal Water District	86,130,316	
Sewer Fund	51,899,224	
Solid Waste	7,194,782	
Storm Water	3,009,875	
Golf Course	176,951	
	<b>Total</b>	<b>148,411,148</b>
Internal Service		34,292,092
Agency Funds		2,997,833
Trust Funds		7,465,436
<b>Total General Ledger Balance **</b>		<b>608,612,045</b>
Reconciling Adjustments (1)		(1,606,641)
<b>Total Treasurer's Investment Portfolio at Amortized Cost</b>		<b>607,005,404</b>

(1) The Reconciling Adjustments consist of differences between the General Ledger which is prepared on an accrual basis and the Treasurer's report which is prepared on the cash basis. Accrued Interest, amortized premium or discounts and outstanding checks and deposits in transit are not included in the Treasurer's summary. Differences between the time journal entries are posted and the time this report is produced may also be a component of the adjustment.

\*\* Figures based on best estimate at the time report run on 10/09/12

# CITY OF CARLSBAD INVESTMENT PORTFOLIO

## As of September 30, 2012

### CORPORATE NOTE AND COMMERCIAL PAPER RATINGS

**Corporate Note Investments Meeting the Current Investment Policy:**  
**(Ratings must be AA or better by both Moody's and S&P)**

	<u>Moody's</u>	<u>S&amp;P</u>
BERKSHIRE HATHAWAY	AA2	AA+
CHEVRON	AA1	AA
GOOGLE INC	AA2	AA-
IBM CORP	AA3	AA-
MASS MUTUAL GLOBAL	AA2	AA+
MERCK	AA3	AA
MET LIFE GLOBAL	AA3	AA-
MET LIFE OF CONNECTICUT	AA3	AA-
MICROSOFT	AAA	AAA
NEW YORK LIFE	AAA	AA+
PROCTER & GAMBLE	AA3	AA-
PROVIDENCE HEALTH	AA2	AA
ROYAL BANK OF CANADA	AA3	AA-
3M	AA2	AA-
SHELL INTERNATIONAL	AA1	AA
TOYOTA	AA3	AA-
WAL-MART	AA2	AA
WESTPAC BANKING CORP	AA2	AA-

**Commercial Paper Investments Meeting the Current Investment Policy:**  
**(Ratings must be A1/P1 or better by both Moody's and S&P)**  
**(Ratings of other debt must be AA or better by Moody's and S&P)**

NONE

#### Investments with Subsequent Changes in Credit Rating \*

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Latest Maturity Date</u>	<u>Carrying Value</u>	<u>Market Value</u>
ALL STATE LIFE	A1	A+	04/30/2013	2,002,782	2,058,060
BARCLAYS BANK	A2	A+	12/15/2015	2,000,000	1,960,600
GENERAL ELECTRIC	A1	AA+	05/09/2016	23,388,409	23,599,574
HSBC BANK USA	A1	AA-	06/05/2017	10,000,000	9,886,500
WELLS FARGO	A2	A+	10/23/2012	1,000,553	1,002,870

\* The City's Investment Policy allows the City Treasurer to determine the course of action that would correct exceptions to the policy. All of these investments are paying interest at the required times. The principal of all investments are considered secure. It is the intent of the City Treasurer to hold these assets in the portfolio until maturity unless events indicate they should be sold.

**CITY OF CARLSBAD INVESTMENT PORTFOLIO  
AS OF SEPTEMBER 30, 2012  
WEIGHTINGS FOR CORPORATE AND FEDERAL AGENCY ISSUERS**

**PERCENTAGE WEIGHTINGS BY CORPORATE NOTE ISSUER**

	<u>Investment Cost</u>	<u>Percent of Portfolio*</u>
ALL STATE LIFE	2,023,559.81	0.33%
BARCLAYS BANK	2,000,000.00	0.33%
BERKSHIRE HATHAWAY	19,421,409.77	3.18%
CHEVRON	1,850,257.50	0.30%
GENERAL ELECTRIC CAP	23,492,605.25	3.85%
GOOGLE	1,050,940.00	0.17%
HSBC BANK USA	10,000,000.00	1.64%
IBM CORP	8,581,305.00	1.41%
MASS MUTUAL	3,607,914.95	0.59%
MERCK & CO	5,498,750.00	0.90%
MET LIFE GLOBAL FUND	22,244,146.45	3.65%
MET LIFE OF CONNECTICUT	2,121,360.00	0.35%
MICROSOFT	2,072,820.00	0.34%
NEW YORK LIFE	11,847,794.90	1.94%
PROTER & GAMBLE	12,367,204.17	2.03%
PROVIDENCE HEALTH	2,237,929.50	0.37%
ROYAL BANK OF CANADA	4,086,150.00	0.67%
3M	2,121,417.76	0.35%
SHELL INTERNATIONAL FIN	5,384,350.00	0.88%
TOYOTA	9,023,645.00	1.48%
WAL-MART	14,011,419.46	2.30%
WELLS FARGO	1,042,814.41	0.17%
WESTPAC BANKING CORP	5,000,000.00	0.82%

**PERCENTAGE WEIGHTINGS BY FEDERAL AGENCY ISSUER**

	<u>Investment Cost</u>	<u>Percent of Portfolio**</u>
FAMCA	5,011,500.00	0.82%
FICO	4,703,555.32	0.77%
FEDERAL FARM CREDIT BANK	42,882,055.97	7.03%
FEDERAL HOME LOAN BANK	50,013,747.10	8.20%
FEDERAL HOME LOAN MORTGAGE CORP	25,515,382.35	4.18%
FEDERAL NATIONAL MORTGAGE ASSOC	146,981,599.50	24.09%
TVA	4,099,415.64	0.67%
U.S.TREASURY	2,062,109.25	0.34%
<b>Total Portfolio</b>		<b>\$610,035,883.81</b>

\* No more than 5% may be invested with a single corporate issuer.

\*\*There are no percentage limits on federal agency issuers.

**City of Carlsbad  
Bond Proceeds Investment Report  
September 30, 2012**

<b>Fund Type</b>	<b>Investments</b>	<b>Stated Int. Rate</b>	<b>Maturity Date</b>	<b>Par Value</b>	<b>Cost</b>	<b>Source</b>
<b>Assessment District 03-01 (College/Cannon)</b>						
Project Fund	Invesco Prime-Cash Money Market	N/A	N/A	\$ 927,172	\$ 927,172	Invesco
Reserve Fund	BNY Dreyfus Money Market	various	N/A	\$ 1,200,421	\$ 1,200,421	BNY Mellon
<b>Re-Assessment District 97-01 (Alga Road &amp; College Blvd)</b>						
Imprvmnt Fund - Alga	Invesco Prime-Cash Money Market	N/A	N/A	\$ 278,153	\$ 278,153	Invesco
<b>Assessment District 95-01 (Carlsbad Ranch)</b>						
Reserve Fund	Repub Natl Bank Repo Agreement: HSBC (GIC)	5.83%	N/A	\$ 862,510	\$ 862,510	HSBC Bank of New York
<b>Assessment District 96-01 (Rancho Carrillo)</b>						
Reserve Fund	Repub Natl Bank Repo Agreement: HSBC (GIC)	6.03%	09/02/28	\$ 1,292,770	\$ 1,292,770	HSBC Bank of New York
<b>Assessment District 02-01 (Poinsettia Lane)</b>						
Improvement Fund	Invesco Prime-Cash Money Market	N/A	N/A	\$ 4,448,669	\$ 4,448,669	Invesco
Reserve Fund	BNY Dreyfus Money Market	various	N/A	\$ 2,498,393	\$ 2,498,393	BNY Mellon
<b>EFJPA</b>						
Reserve Fund	AIG Investment Agreement (GIC)	5.36%	08/01/14	\$ 953,706	\$ 953,706	GIC
<b>Communities Facilities District #3 Improvement Area 1</b>						
Project Fund	Invesco Prime-Cash Money Market	N/A	N/A	\$ 1,833,925	\$ 1,833,925	Invesco
Reserve Fund	BNY Dreyfus Money Market	various	09/01/36	\$ 777,965	\$ 777,965	BNY Mellon
Other	BNY Dreyfus Money Market	various	N/A	\$ -	\$ -	BNY Mellon
<b>Communities Facilities District #3 Improvement Area 2</b>						
Reserve Fund	BNY Dreyfus Money Market	various	09/01/38	\$ 1,068,180	\$ 1,068,180	BNY Mellon
Other	BNY Dreyfus Money Market	various	N/A	\$ 86,282	\$ 86,282	BNY Mellon
<b>CPFA Golf Course Bonds</b>						
Reserve Fund	BNY Mellon (GIC)	various	N/A	\$ 1,303,417	\$ 1,303,417	BNY Mellon
					<b>\$ 17,531,563</b>	<b>\$ 17,531,563</b>

City of Carlsbad  
Summary of Outstanding Housing Loans  
As of September 30, 2012  
Updated on: 10/04/2012

Borrower	Development	Purpose	First date issued	# of loans issued	Loans issued by City to developers/homeowners	Loans issued by Developer to homeowners	# of loans outstanding	City loan repaid to City	Developer loan repaid to City	Loan amount due to City (recorded as AR)	Developer loan amount due to City (not on City's books)	Type of Loan
Individual homebuyers	City-wide (CHAP)	Sale	06/28/99	133	\$1,680,000	\$ -	29	(\$1,496,658)	\$ -	\$183,341.85	\$ -	183,342 Payment deferred 15 years. No interest is due unless home is sold before 16th year
Individual homebuyers	Calavera Hills	Sale	10/15/99	5	75,000	150,000	1	(60,000)	(120,000)	15,000	30,000	45,000 Payment deferred 30 years. No interest is due unless home is sold before 31th year
Individual homebuyers	Cherry Tree Walk	Sale	06/28/99	42	453,600	452,600	14	(313,200)	(283,250)	140,400	169,350	309,750 Payment deferred 30 years. No interest is due unless home is sold before 31th year
Individual homebuyers	Serrano	Sale	05/25/01	90	1,350,000	4,050,000	33	(900,133)	(2,610,000)	449,867	1,440,000	1,889,867 Payment deferred 30 years. No interest is due unless home is sold before 31th year
Individual homebuyers	Rancho Carlsbad	Sale	05/20/99	22	752,533	-	10	(404,370)	-	348,163	-	348,163 Principal is due when home is sold
Individual homebuyers	Solamar	Sale	09/26/88	9	147,726	-	1	(135,065)	-	12,661	-	12,661 Principal is due when home is sold
Catholic Charities	Homeless shelter	Shelter	09/19/97	1	200,000	-	1	-	-	200,000	-	200,000 Principal is due when property is sold
CB Laurel Tree Apartm	Laurel Tree	Rentals	12/24/98	2	1,134,000	-	2	(728,396)	-	405,604	-	405,604 Principal and 3% interest each year for 30 years when surplus cash is available
CB Housing Partnershi	Rancho Carrillo	Rentals	03/05/01	1	1,157,584	-	1	-	-	1,157,584	-	1,157,584 Principal and 3% interest each year for 55 years when surplus cash is available
Pacific Vista Las Flores	Vista Las Flores	Rentals	02/27/01	1	363,948	-	1	-	-	363,948	-	363,948 Principal and 3% interest each year for 55 years when surplus cash is available
Poinsettia Housing Ass	Poinsettia Station	Rentals	10/21/99	1	920,000	-	1	(83,177)	-	836,823	-	836,823 Principal and 3% interest each year for 55 years when surplus cash is available
Bridge Housing Corp	Villa Loma	Rentals	11/04/94	2	2,212,000	-	0	(2,212,000)	-	-	-	- Principal and 3% interest each year for 15 years when surplus cash is available
Dove Family Housing	La Costa Paloma	Rentals	07/15/03	1	2,070,000	-	1	(1,486,204)	-	583,796	-	583,796 Principal and 3% interest each year for 55 years when surplus cash is available
CIC Calavera LP	Mariposa Apts	Rentals	09/15/04	1	1,060,000	-	1	-	-	1,060,000	-	1,060,000 Principal and 3% interest each year for 55 years when surplus cash is available
Individual homebuyers	Mulberry at Bressi Ranch	Sale	04/29/05	100	1,840,000	19,660,200	100	-	-	1,840,000	19,660,200	21,500,200 Payment deferred 30 years. No interest is due unless home is sold before 31th year
Individual homebuyers	Village by the Sea	Sale	10/28/05	11	220,000	4,087,200	7	-	-	220,000	4,087,200	4,307,200 Payment deferred 30 years. No interest is due unless home is sold before 31th year
El Camino Family Hous	Cassia Heights	Rentals	03/07/06	1	1,454,276	-	1	-	-	1,454,276	-	1,454,276 Principal and 3% interest each year for 55 years when surplus cash is available
Individual homebuyers	Laguna Point	Sale	07/06/06	3	210,000	-	3	-	-	210,000	-	210,000 Payment deferred 45 years. No interest is due unless home is sold before 46th year
Individual homebuyers	The Bluffs	Sale	06/14/07	8	200,000	-	8	-	-	200,000	-	200,000 Payment deferred 30 years. No interest is due unless home is sold before 31th year
Individual homebuyers	Roosevelt Gardens	Sale	08/30/07	11	1,583,423	-	11	-	-	1,583,423	-	1,583,423 Refer to Agenda Bill 18,569 / Resolution 2006-131 & AB 19,183 / R2007-255
CIC La Costa	Hunter's Point	Rentals	08/19/08	1	1,932,000	-	1	-	-	1,932,000	-	1,932,000 Refer to AB18,251 / Resolution 2005-264
Down Payment & Closing Cost	Various	Assistance	06/25/09	14	187,750	-	14	-	-	187,750	-	187,750 Refer to Agenda Bill 19,415 / Resolution 2008-121
CIC Glen Ridge, LP	Glen Ridge	Rentals	10/05/09	1	1,014,000	-	1	-	-	1,014,000	-	1,014,000 Refer to Agenda Bill 397 / Resolution 435
Tavarua Senior Apartments, LP	Tavarua	Rentals	12/14/11	1	3,750,000	-	1	-	-	3,750,000	-	3,750,000 Refer to Agenda Bill 418 / Resolution 475
North County Solutions for Change	Property Acquisition	Rentals	06/28/12	1	780,000	-	1	-	-	780,000	-	780,000 Refer to Agenda Bill 20,936/Resolution 2012-136
Catholic Charities	Homeless shelter	Shelter	03/01/10	3	491,523	-	3	-	-	491,523	-	491,523 Refer to AB19,768/R2009-068; AB20,530/R2011-081; AB20,764/R2011-288
				466	\$ 27,239,364	\$ 28,400,000	247	\$ (7,819,203)	\$ (3,013,250)	\$19,420,161	\$ 25,386,750	\$ 44,806,911

During the 1st Qtr of FY2012-13, \$13,265 in CHAP loan payments were received; received a \$144,844 principal payment related to the La Costa Paloma development; issued \$526,762 in loans for the Tavarua development; issued \$21,300 in Down Payment & Closing Costa Assistance loans; and issued \$34,819 in CDRC loans to Catholic Charities